

SUNSHINE
MINING
COMPANY

815 Park Boulevard
Suite 100
Boise, Idaho 83712
(208) 345-0660
FAX (208) 342-0004



RECEIVED

MAR 25 1993

DIVISION OF
OIL GAS & MINING

March 23, 1993

Mr. Anthony Gallegos
Utah Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: File No. ACT/049/009

Dear Mr. Gallegos,

This is written in response to your letter of March 8 in which you requested a formal notification of the recent changes which we have implemented at Eureka, Utah.

In November of 1992, Sunshine Mining Company and its wholly-owned subsidiaries, Sunshine Precious Metals, Inc and HMC Mining Inc., entered into an agreement with the underlying property owners, Chief Consolidated Mining Company and South Standard Mining Company, whereby Sunshine relinquished all of its interests in the East Tintic Mining District effective January 1, 1993. Essentially, this Agreement allowed South Standard to assume operational control of the Trixie and surrounding claims, while Chief took possession of the remaining properties, including the Zuma Pit, Apex Shaft, Burgin Mine and Mill, Hunter Shaft Area (proposed), Tailings Ponds, etc. The Agreement allows Chief and South Standard to assume their respective portions of Sunshine's liabilities and responsibilities under the current Plan, subject to the assignment of the Plan and the substitution of a new bond fully approved by Utah Division of Oil, Gas and Mining. It was also agreed that, until Sunshine's bond is released by substitution of new approved bonds, Sunshine's liabilities and responsibilities under the current permit, plan and bond shall continue in full force and effect. However, no mining or development is to take place on the properties until replacement bonds have been posted. None of the above provisions were the result of any court decision as your letter seems to suggest, but rather was simply an agreement between parties.

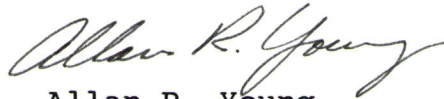
Mr. Anthony Gallegos
March 23, 1993
Page 2

With respect to your receipt of a Notice of Intention to Amend Mining Operation for the Trixie Shaft, Sunshine is fully aware that your office cannot release this portion of the current bond until a replacement bond has been approved and submitted. This is why your prompt review of the amended NOI was requested in Mr. Henry's letter of February 18 which accompanied the submittal. With respect to the remaining properties now under the control of Chief, we anticipate that a similar submittal may be forthcoming as well. Because the Zuma Pit would be included in such a submittal and because there will be no mining activity here until Sunshine's bond on the Chief properties has been released, it is recommended that no changes to the surety bond be made at this time.

Lastly, your new contact person for all operations under File No. ACT/049/009 will be the undersigned at the address and phone shown on the letterhead. Please contact me if you have any questions on the amended NOI for the Trixie Shaft. We look forward to your response on this matter.

Thank you for your cooperation.

Yours truly,



Allan R. Young
Operations Manager

ARY:rhk

c.c. John S. Simko
Thomas Henry
Leonard Weitz
Oliver Gushee